

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0047

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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E. O. 11652: N/A

TAGS: AFIN, ETRD, FR

SUBJECT: FRENCH FINANCE MINISTER ON INTERNATIONAL MONETARY AND
TRADE NEGOTIATIONS

PASS TREASURY AND FEDERAL RESERVE

APPEARING BEFORE ASSEMBLY FINANCE COMMITTEE MAY 10, FINANCE
MINISTER GISCARD D'ESTAING COMMENTED, INTER ALIA, ON INTERNA-
TIONAL MONETARY AND TRADE NEGOTIATIONS. FOLLOWING SALIENT POINTS
OF HIS REMARKS ON THESE TOPICS, AS REPORTED IN FINANCE COMMITTEE
PRESS RELEASE:

(1) RE EVENTS LEADING UP TO FEB 12 DOLLAR DEVALUATION, CREATION
OF "EUROPEAN MONETARY BLOC," WITH FIXED PARITIES AMONG PARTICI-
PATING CURRENCIES AND AGAINST WHICH "DOLLAR WOULD FLOAT," PROVED
IMPOSSIBLE "BECAUSE OF POSITION OF GREAT BRITAIN." HENCE ALTER-
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NATIVE OF DOLLAR DEVALUATION WAS DECIDED ON.

(2) RE SECOND MONETARY CRISIS END FEB, " GENERALIZED FLOATING OF EUROPEAN CURRENCIES WOULD HAVE HAD CATASTROPHIC CONSEQUENCES"

-- I. E., " MONETARY BREAK UP OF EUROPE" AND IMPOSSIBILITY OF MANAGING COMMON AGRICULTURAL POLICY. CRISIS WAS SOLVED ON FOLLOWING BASIS: (A) JOINT EUROPEAN FLOAT; (B) A 3 PERCENT REVALUATION OF DEUTSCHEMARK; (C) STATEMENT OF INTENTION BY UK, IRELAND AND ITALY TO ADHERE TO JOINT FLOAT AS SOON AS POSSIBLE; (D) US AFFIRMATION " TO MAKE ITS CONTRIBUTION TO DEFENSE OF NEW PARITIES BY STANDING READY TO INTERVENE ON EXCHANGE MARKETS WHEN THIS MIGHT BE NECESSARY AND DESIRABLE."

(3) RE MONETARY REFORM NEGOTIATIONS, C-20 WILL HAVE TO SUBMIT REFORM PROPOSALS TO NEXT FALL'S IMF MEETING. RECENT MEASURES IN EXCHANGE FIELD " HAVE MADE POSSIBLE RETURN TO THE CALM NECESSARY TO CONTINUE OVER- ALL REVIEW OF REFORM OF MONETARY SYSTEM."

(4) RE TRADE NEGOTIATIONS WITH US, PROSPECTS HANG ON VOTE BY CONGRESS OF TRADE BILL, EXPECTED NEXT FALL. THUS NO CONCRETE RESULTS CAN BE EXPECTED BEFORE 1975. DURING INTERVAL MONETARY PROBLEM WILL PERSIST, AND FRENCH GOVT FEELS THAT TRADE NEGOTIATIONS CAN TAKE ON SIGNIFICANCE ONLY IN RELATION TO STABLE (CONSTANCE) MONETARY SITUATION. MOREOVER, SUCH NEGOTIATIONS MUST INVOLVE " RECIPROCAL AND BALANCED CONCESSIONS," GISCARD ADDED THAT PERSONALLY HE WOULD PREFER TO PRODUCT- BY- PRODUCT NEGOTIATIONS, NEGOTIATIONS BY TYPE OF MEASURES (TARIFF PROBLEMS, NONTARIFF BARRIERS AND SAFEGUARD CLAUSES). IRWIN

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